

Business Case for the transfer of the PCC Procurement Service to Delt Shared Services Ltd



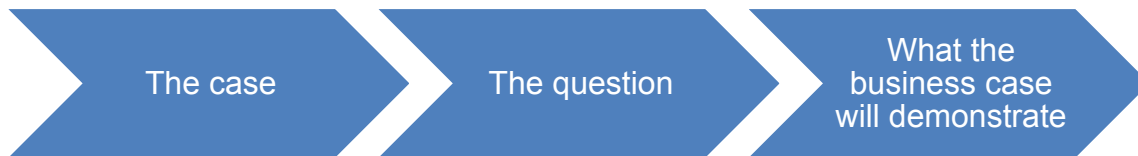
Introduction

- I.1 This report presents a Strategic Outline Business Case based on the guidance published in HM Treasury Green Book, using the 5 case model to set out the arguments, present an analysis of the options and a proposed solution.
- I.2 The scope of services considered within the report is Plymouth City Council's Procurement Service, which is a key support service within the Finance Department. This team is responsible for leading and providing professional support from low value transactional purchases up to multi million pound strategic projects across a diverse range of goods, services and works, covering 4 main category areas- Construction, Professional Services, Facilities Management and Environment and Transport. The Cooperative Commissioning team are out of scope for this proposal. The Cooperative Commissioning team operates as part of the People Directorate and undertakes all activity within Plymouth City Council (PCC) to contribute to the outcomes defined in four commissioning strategies that cover; Wellbeing, Children and Young People, Community and Enhanced and Specialised Care.
- I.3 The Procurement Service is responsible for ensuring PCC's procurement and contracting activity is conducted in accordance with its own Contract Standing Orders, Procurement Regulations and Legislation in a fair, transparent and compliant manner and delivers best value for the Council. In 2018/19, the Procurement Service and Cooperative Commissioning team oversaw the procurement of over £226.4 million of goods, services or works. The total value of awarded contracts in 2018/19 totalled £128.4 million
- I.4 Following a detailed option analysis undertaken in September 2017, the conclusion was reached that our existing back office services would provide more value to PCC and Plymouth through them being delivered via a public sector shared service provider. The outcome of this analysis was that Delt Shared Services Ltd (Delt) is recommended as the best option. The Payroll and Pensions service was transferred in early 2018, followed by Print and Document Services in the autumn of 2018. The Procurement Service is now recommended for transfer to Delt from 1 April 2020.
- I.5 The analysis in the outline business case approved by Cabinet in September 2017 involved a number of complex factors. Firstly, savings delivered from back office services are likely to be the product of:
- scale
 - automation and
 - productivity

These drivers are all made more achievable by moving the services to Delt, a private company limited by shares owned by PCC and Devon CCG where growth from public sector services is part of the business plan, innovation through technology is core to the business and where investment in people with a highly engaged and motivated workforce is part of the company's values.

1.6 The current structure of the Procurement Service Team is shown in appendix 1.

The Case for change



2.1 At a time when PCC faces unprecedented and sustained financial challenges, modernising and changing the way the Council delivers services is crucial in helping it address the projected £30m budget gap in funding over the next three years. The Government has delayed the Central Spending Review by a year thus continuing the state of uncertainty in which we are operating.

2.2 Driving value for money has never been more crucial to PCC. In these circumstances an appropriately resourced Procurement function can improve value for money; reduce internal resource consumption and provide a legitimate challenge function without unnecessarily interrupting or delaying service delivery.

2.3 A shared service strategy for back office services was recommended and approved by Cabinet in 2017 on the basis that back office services would provide more value to PCC and Plymouth if delivered through a public sector owned shared service provider, with Delt being the recommended provider.

2.4 The Business Case shows how the proposed transfer of the Procurement Service to Delt Shared Services Ltd will help to deliver the priorities of the City Council:

2.4.1 A Growing Council – supporting economic growth that benefits as many people as possible in the city by providing high quality jobs, ensuring services are procured locally where possible and practical thereby retaining and investing in valuable skills/expertise across the region.

2.4.2 A Caring Council – supporting closer integration with partners in order to indirectly enable all the themes in the corporate plan.

2.5 The Procurement Service is at the centre of the commitment to achieve best value for all externally contracted spend. It provides the Council's subject matter experts on procurement to PCC's directorates and is responsible for fulfilling PCC's Strategic Procurement compliance as part of the Council's Standing Orders. A summarised list of the functions and outcomes of the Procurement Service are set out in appendix 2

2.6 The Procurement Service has previously experienced severe difficulty in recruiting and retaining staff. There is a national shortage of procurement professionals and this is an especially challenging situation in the South West. The private sector has the flexibility to pay higher salaries and can offer more innovative and generous remuneration packages. This means that although PCC can attract lower grade staff with a view to provide training and support to move into more senior roles, the reality is that these staff have been attracted to the private sector soon after they are trained and have gained more experience.

2.7 Previously, having almost 50% of the structure unfilled and half of this being in senior roles, the team have been unable to automate the service to the degree expected based on the value and number of transactions that it deals with. This has meant that there has been limited implementation

of Category Management¹. However two new category leads have recently been recruited, joining the Council in September 2019, giving a full complement of category leads on the team.

2.8 Transferring the procurement team to Delt would enable the service to maximise benefits derived from being part of the organisation including the ability to transform through technology, further drive social value through interaction with the local business community and continue to drive forward commercial values whilst operating in the public interest. It would also present opportunities to grow the team through broadening the procurement category offering, and to build succession planning and resilience into the resource plan. Growth will enhance training and development prospects for the team which translates to an engaged, highly skilled and flexible workforce.

Strategic Case



3.1 A shared Procurement Service will create a larger, more experienced procurement hub in the city which in turn will have the potential to attract other partners across the city and potentially the South West to join a shared Procurement Service, delivering economies of scale, driving growth and providing further support to the local economy.

3.2 Delt was established with the primary purpose of providing a vehicle for strategic growth, the vision was to achieve this through transferring services that complement the IT service and develop a broad service offering for the public, private and third party sectors. As a private company owned by public sector shareholders, Delt is more able to operate at pace and scale.

3.3 One of Delt's objectives is to create a platform for sustainable economic growth. Alternative delivery options are likely to result in fewer regional jobs and have a direct impact on local families' wealth, health and wellbeing. Delt seek to maintain a highly skilled employment base in the South West and, where possible, to grow in-house talent by recruiting apprentices from local schools and further/higher education, whilst sourcing services and products locally to support the local economy where possible and practical. Delt recognises that its greatest contribution to the local economy will be delivered from sustainable growth in market sectors, services and regional geography. Growth is key to enabling cost savings through economies of scale.

3.4 The proposed growth in shared services for Delt provides greater opportunity to develop high quality jobs for people in Plymouth and its travel to work areas. The breadth of opportunity for people in developing these skills is significant and has a linear benefit for the City in areas such as increased council tax receipts, reducing housing benefit payments with the wider value to both public care and health services.

3.5 With the service transferred to Delt, the social value opportunities can be expanded, bringing greater opportunities to the local business community to bid for and deliver services locally. This will increase local employment, wellbeing, skills and bring economic value to local businesses and families.

3.6 Although not a profit motivated organisation, Delt does deliver significant financial benefits to shareholders. This has been achieved through sustainable economic growth through delivering services across Plymouth and Devon in Local Government and Health. The dividend payments due and declared through to March 2020 is £3.05M of which PCC will have received £2.1M.

¹ Category Management is a strategic approach which organises procurement resources to focus on specific areas of spend. The results can be significantly greater than traditional transactional based purchasing methods.

3.7 Resilience will be developed within the Procurement Service by having a larger hub, allowing staff to be more flexible in their roles and giving capacity to move across areas when there are peaks in workloads. This reduces the potential for single point of failure and as the procurement function stabilises and matures there will be defined and managed processes in place which will lead to consistency and efficiency.

Economic Case



4.1 The Cabinet paper approved in September 2017 detailed a thorough options analysis giving consideration to 5 models for the future of back offices services. The outcome of this analysis was clear, with the top scoring option being that of shared services. On that basis consideration was given to what shared service vehicle could be used. Delt emerged as the favoured vehicle on the basis that it already exists, it is trading sustainably and was set up as a shared services organisation focused predominantly on the public sector.

4.2 A Procurement Service that is fully resourced, supporting a larger local network, will help to shape the market, driving forward the businesses being supported and enabling growth across the city.

4.3 Both Plymouth City Council and Delt will see a return, in the case of PCC the benefits will be seen from having a more resilient, centralised support team that has expertise across a wider range of procurement categories, enabling more efficient and effective support to be offered to PCC, whilst at the same time driving down the cost of buying goods, services and works. Delt will benefit from obtaining a highly skilled procurement team which specialises in a wider range of categories enabling it grow its business and expertise, driving economic growth and increasing the potential to attract other organisations in the city and the South West region to buy into the Procurement Service.

Commercial case



5.1 Delt was setup with exactly this type of shared service expansion in mind. It is a legally constituted vehicle created to enable its shareholders to migrate and share services over time. The Teckal arrangement provides the ability for an ease of transition for new services as partners do not need to enter extensive procurement processes. Delt was created to ensure ease of transition for future services.

5.2 Delt has delivered a breadth of significant benefits for all stakeholders in its relatively short existence and continues to drive benefits as it matures aligned to its vision of helping customers do amazing things.

5.3 There are 3 clear options available that are detailed below:

5.3.1 Option 1 is to do nothing and keep the service in house. There are concerns around the sustainability of this option due to the prior difficulties encountered in recruiting and retaining staff.

These difficulties had a negative impact on the ability of the team to deliver an effective service to PCC and reduced the ability of the team to work strategically to deliver savings required across the Council. Whilst the Procurement Service currently have a full complement of category leads, there are still vacant posts within the team and the current team are too new in post to be able to disregard the historical staff turnover rate.

5.3.2 Option 2 is to transfer the service to a third party organisation which would result in PCC entering into a buy back type arrangement. This option goes against the pledge made by the Council to buy locally and to ensure every possible pound that is spent by the Council brings maximum benefit to Plymouth. If this option was taken forward it has the potential to remove jobs from the city and will reduce the power the Council has to ensure that the City Council buys as much as it can locally. It was also acknowledged in 2017, after extensive analysis that this option was not the route that the City Council wished to take for future back office service delivery.

5.3.3 Option 3 is the option that is put forward in this Business Case and is supported by the previously agreed Cabinet paper. It involves transferring the staff into Delt Shared Services Ltd under TUPE legislation, protecting pre-existing Local Authority terms and conditions. Delt would then, in time, operate a fully fit for purpose procurement function, further focussed on value adding activities with transaction processing largely automated using digital solutions.

5.4 Option 3 also takes advantage of the Teckal exemption that Delt operate under meaning that the contracting authority (PCC) contracts with a legally distinct entity (Delt) which is owned and directed by public sector shareholders to provide a range of services. There are 3 distinct conditions that must be met for the exemption and these are:

- 1) The company carries out more than 80% of its activities in the performance of tasks entrusted to it by the controlling contracting authority or authorities.
- 2) The authority exercises the same kind of control over the company as it does over its own departments (this control can be exercised jointly with another contracting authority).
- 3) There is no private sector ownership of the company nor any intention that there should be any.

With these conditions being met, it will be deemed to be an in-house administrative arrangement meaning the usual contract procurement regime does not apply.

The company's articles require a separate share class be created for each service to preserve Teckal status and to ensure that the partners don't breach the requirements for mutual trading. The new share class will be for any financial distribution of the dividend this share will generate. As with the Payroll/Pension and Print and Mail services, PCC would be the 100% beneficiary of the share class for Procurement. If the company were to declare a dividend then that would flow through to PCC only.

5.5 In addition to the services and their transformation, option 3 increases the Company's ability to sell services to non-public sector organisations. All Teckal companies are restricted to a maximum 20% of turnover being achieved through commercial contracts. Delt are well within the threshold and there is opportunity to develop the service across the City and region.

5.6 Option 3 is commercially the most suitable option.

Financial Case



6.1 The transfer of the Procurement Service into Delt, as a minimum needs to have a cost neutral impact on PCC. A review of the budget has been undertaken and consideration given to all factors with regards to the suitability of the proposal. The full year budget recommended for transfer to Delt is £576,703 as shown in appendix 3. This would be pro-rata depending on the timing of the transfer.

6.2 If the service were to remain within PCC there would be efficiency targets allocated to the value of £31,554 that the service would be expected to achieve annually. This efficiency target will therefore need to be met by other means and is expected to be captured in the cost saving arrangements that are put in place as referenced in 6.7 below.

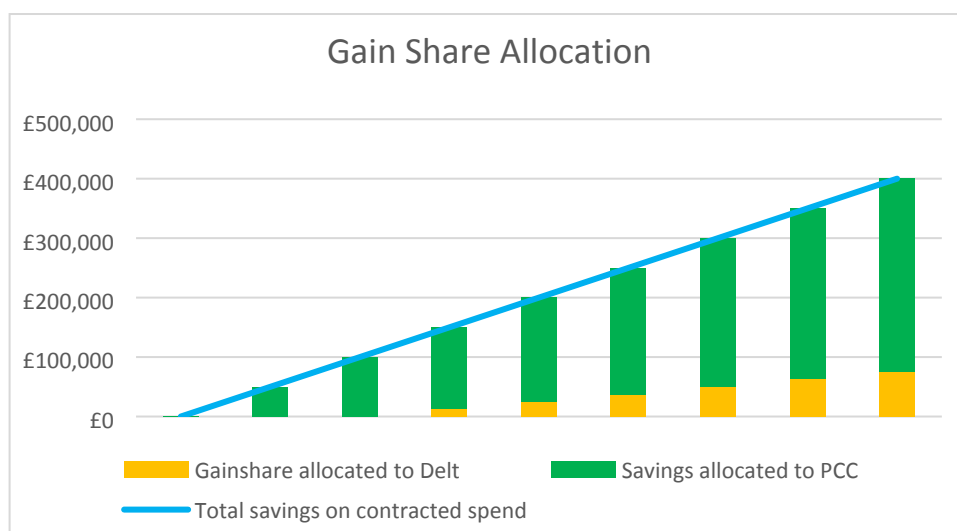
6.3 The transfer of services into another organisation always creates two financial issues that need to be considered, Pension and back office support services costs. Careful consideration has been given to the presentation of these issues within the business case given the complexity and also the fact that a longer term view is needed to address them.

6.4 Pensions. The Council is ultimately responsible for any LGPS pension deficit that arises from the cohort of former ICT Council employees who transferred to Delt under the ICT TUPE arrangements. In 2017/18 the Council supported a proposal to enable Delt to move to a Pensions “pass-through” arrangement. This meant that Delt increased the employer rate from 12% to 22% for the remaining fixed term of the ICT contract. This rate change was calculated to reduce the risk of a LGPS pension deficit at the end of the Delt ICT contract. The impact will mean an increase in the annual cost of any future services transferring because the pension cost is 22% not 14.7%. However, using a rate of 14.7% would require the Council to either pay the lump sum deficit payment at the end of the contract term or increase the arrears recovery rates for employees remaining in the LGPS. Either way, the Council pays and the presentation is a timing and risk management issue.

6.5 Discussion with the Devon LGPS Pension Fund Administrator has previously taken place to ensure proposals to add new services to Delt are understood and the pension requirements are managed correctly. Further conversations have taken place with the LGPS fund Actuary advisors to discuss the strategy for ensuring the correct assessments take place at the right time to ensure Pensions are accounted for properly. The advice received from the lawyers advising the pension administrator was that moving forward, each cohort of staff must have an actuary review and their own pass-through rate determined. This is currently being discussed and worked through with Peninsula Pensions.

6.6 Support Services. The Council “notionally” recharges its back office support services costs to all Council activities so that the Government can compare the costs of frontline services of Local Authorities. As the primary purpose of the exercise is to enable this comparison the method is a simplified apportionment of all support services costs using headcount and it does not correlate to the actual usage of each service. It would be an administrative burden to implement a more complex recharging model, reflecting consumption/usage more accurately. Therefore, in reviewing the support service costs the model is based on an assessment of what support activities would be needed to operate a Procurement Service assuming it transfers to Delt, with the support service charges not required to operate the service needing to be addressed by the Council over time. Those support service costs included are shown in appendix 3 and give rise to ‘stranded costs’ to PCC of £16,524 per annum.

6.7 It is anticipated that following the transfer of the Procurement Service to Delt there will be the potential to drive out further savings from the annual contracted spend for the council. Following discussions with Delt, it is felt that a Gain Share arrangement should be worked up and developed whereby both PCC and Delt are able to benefit financially from any savings that are driven out from the purchase of goods, services and contracted spend. An example of the possible gain share arrangement is shown below. This is worked up on the basis that first £100k of savings generated due to a reduction in procurement spend is passed on entirely to PCC. Any savings over and above this £100k is then shared between PCC and Delt on a 75/25 basis. It is expected that the finer details of the gain share arrangement will be developed in partnership with Delt and should be reviewed during the first 24 months of the arrangement. Proposals to develop savings targets that will therefore influence the gain share calculation are being developed as part of the Councils 'The Way We Work' programme.



6.8 To ensure the stranded costs and the efficiency target mentioned above is not a burden borne by PCC as part of this arrangement, there is an expectation that this cost saving will be delivered as part of the gain share arrangement, with a minimum target of a £50,000 saving to PCC on the procurement of goods, services and works and contracted spend in the first year, commencing 1 April 2020.

6.9 There is an expectation that that the Procurement Service will remain based in Ballard House. This will mean that PCC will charge Delt for the accommodation space taken up by the team which will have a net nil impact on PCC. If the procurement team are relocated to office space outside of Ballard House, this will give rise to potential future cost pressures for PCC, depending on how this is managed moving forward.

6.10 Taking all of the above factors and assumptions into account, the transfer of the Procurement Service will be cost neutral to PCC from year 1 onwards, allowing for future growth of the service to further benefit both Delt and PCC moving forward.

Management case



7.1 Due to the problems previously encountered with recruitment and retention, a severe strain was placed on existing team members. It has been proven over the past 5 years that recruitment is extremely challenging not only given the financial constraints that being part of Local Government brings but also due to other local public services (Land Registry, City College, University Hospital Plymouth and Plymouth University) competing for the same skill set and expertise. The challenge of recruiting and retaining staff creates not only a risk to the service with regards to continuity of service but also adds significant pressure on staff who are in post trying to maintain an excellent service to customers whilst under resourced with continual staff turnover.

7.2 The IT and Print & Document services have already transferred to Delt, giving evidence that the model of joint shared services is successful and achievable and works to the benefit of both organisations. Both organisations have the required teams and skills that can deliver the transfer of services with systems in place that enable the smooth transfer of staff and service provision.

Outcomes

8.1 Any change toward a different model for delivery of back office services is required to demonstrate service improvement and savings/budget reductions where possible. Understanding and defining these outcomes is critical to our ability to evaluate the suitability of options.

8.2 The following outcomes were agreed to be mandatory for any shared service model:

- Customer experience
- Delivery of savings through 'lowest' net cost per transaction/service
- Delivery of savings through 'lowest' annual cost to serve
- Resilience
- Provide service in line with agreed parameters
- Positive business case – cash flow profile (NPV) & payback

8.2.1 Customer Experience

By having one central procurement hub, the customer (PCC) will benefit from consistency and standardisation in the form of; single point of engagement, processes, systems and documentation across all categories.

8.2.2 Delivery of savings through 'lowest' net cost per transaction/service

Whilst delivery of savings is not the only driver for a solution it is expected that any recommendation for change should be demonstrably as cost effective as any other alternative service delivery mechanism. It has already been demonstrated that the most cost effective delivery mechanism for back office services is through Delt Shared Services, being the recommended outcome of this Business Case

8.2.3 Delivery of savings through 'lowest' annual cost to serve

This outcome recognises that partners in the shared service should also be able to see how their combined scale and combined services can be leveraged to reduce the cost to serve each customer. It

will therefore require Delt to manage the Procurement Service it provides with a view to maximising the value of each interaction which will therefore either reduce the overall number of interactions required or create savings within the interactions thereby reducing the cost to serve. For example, streamlining the category management approach that is undertaken by the Procurement Service, or reviewing the options for Self Service procurement for transactions under a set value.

It is important that communications are clear within PCC to ensure that savings secured through procurement are identified as such and therefore are not captured by individual departments and offset against pre-determined savings targets.

8.2.4 Resilience

Different services may be vulnerable for a variety of reasons. Vulnerability could be due to service cuts linked to budget pressures or alternatively and in the case of the Procurement Service it could be linked to difficulties experienced in recruiting and retaining experienced staff. By transferring the Procurement Service into Delt it can benefit from the additional expertise already held in Delt by its own established procurement team. This will enable team members to broaden their category knowledge and experience which will help to ensure the team's retention and resilience will improve and strengthen. In addition, through the possibility of raising the scale of operation from supporting just one client to supporting multiple clients it will become possible to afford to employ more than one specialist in each field, such that if required there is cover for resources who may have become a single point of failure.

8.2.5 Provide service in line with agreed parameters

The expectation of the Procurement Service are as follows:

- Custodians of PCC's Contract Standing Orders
- Custodians of PCC's Standard Contract Terms and Conditions
- Custodians of PCC's Social Value Policy
- Ensuring compliance with Procurement regulations (UK and EU)
- Ensuring compliance with Contract Standing Orders
- Ensuring compliance with Grant Funding Procurement requirement
- Fully maintaining the Councils Contract Register in line with the Transparency Code
- Ensuring Best Value is obtained for goods, works and services
- Ensuring Category Management continues
- Provide Strategic and Operational advice regarding procurements
- Undertake all relevant Procurement above the Self Service threshold from market analysis to contract completion
- Systems and Procedures are in place for self-serve procurements
- Maintain the corporate procurement templates including those used by the Cooperative Commissioning Team
- Maintain a Procurement forward plan
- Undertake contract management responsibilities
- Provide advice and guidance for contract management
- Supplier relationship management- ensuring good relationships are maintained with the supply chain
- Maintaining relationships with regional partners (E.g. SW procurement Board, Devon and Cornwall Procurement Partnership)
- Maintaining relationships with framework providers (Crown Commercial Services etc)
- Manage allocation of Purchase Cards
- Approve all exemptions to Contract Standing Orders
- Provision of training to internal and external stakeholders
- Embed the PCC Social Value policy across the procurement process
- Work to drive forward the Community Wealth Agenda
- Control the setup of suppliers
- Raise and amend all non-commissioning purchase orders above the self-service threshold

Continue to undertake procurement activities for other entities where contracted to do so

Key Performance Indicators will be worked up with Delt over the first 12 months but the expected outcomes will include:

- Contracts Register reporting requirements are met
- Ensuring all procurements are undertaken compliantly
- Policies, systems, procedures relating to self-serve procurement are fit for purpose and comply with Contract Standing Orders
- Procurement Awareness Training is delivered to PCC staff as necessary
- Specific percentage of spend to be with Small and Medium Enterprises
- Specific percentage of spend within PL postcode
- Monitoring Social Value
- Reduction in the number of Exemptions to Contract Standing Orders

Whilst it is expected that the service will be, in part, self clienting, PCC will remain as the client, with this function sitting within the Finance department. This will help to maintain the link to PCC Financial Regulations and Contract Standing Orders.

8.2.6 Positive Business Case

It has been recognised that the financial elements of the business case in relation to the transfer of any back office service should have a zero negative financial impact on PCC at the very least. As demonstrated in the financial section the expectation that a gain share arrangement be developed in partnership with Delt means that the effect of the stranded costs and efficiency savings target will be achieved through a reduction in contracted and procured spend, that both parties will benefit financially from and therefore be motivated to achieve.

The transfer of the Procurement Service into Delt will also create a larger, more robust procurement function within Delt Shared Services Ltd, which will help Delt to enable this service to be offered to other partners in the City, driving growth and supporting the local economy.

Risk table

9.1 The table below sets out the risk associated with the proposed transfer of the PCC Procurement Service to Delt Shared Services Ltd and mitigations put in place.

Risk	Effect	Mitigation	Likelihood	Impact	Score
Failure to recruit to the vacant positions in the structure	This will reduce the opportunity to enhance the service, drive out savings and ensure consistency across the procurement function.	Delt will recruit to vacant packages using a wider variety of incentives and a more attractive remuneration package	2	3	6
Staff may not want to transfer to Delt	Negative effect on the delivery of the Procurement Service and unrest within the workforce,	Unions will be consulted with, staff will be engaged with and Delt will work	3	4	12

	leading to potential resignation	with the staff to ensure individuals understand the impact on them at the earliest opportunity			
Expectations of the organisation are not adequately described in the service specification.	Delt will either deliver services that are not valued or required by PCC and/or the service provided by Delt would be insufficient to meet PCC's needs.	Active and ongoing contribution to the specification of clear service outcomes by responsible representatives from across the business.	4	4	16
National reduction on the public purse	This will add pressure to already stretched services and may result in less investment in high value procurement	Flex and change as necessary and concurrently review commercialisation opportunities	1	2	2
Delt is unable to secure further Procurement Service contracts	Limited opportunity to reduce operating costs and drive up income	Proactive work undertaken by Delt in partnership with PCC to offer Procurement Services to other local organisations	4	1	4
Procurement is only the fourth service to be transitioned to Delt over the past 5 years – are required processes for transfer mapped out and understood?	Uncertainty of transfer processes due to time delay from other transfers and staff movement in support service teams to enable the smooth transition	Learning from the transfer of the three previous services (IT, Payroll and Print & Document services) will be applied to this transition. Full engagement with support services to ensure issues are resolved before the point of crisis.	2	3	6
A complex team like procurement has not yet been transferred- are the service specific complexities understood?	Transfer may take longer than initially estimated Complex processes are not adequately addressed and subsequently transferred causing significant inefficiency and ineffectiveness	Full engagement with the Procurement Service to ensure all processes are fully understood and can be adequately transferred Full engagement with other support services such as legal to understand implications of transferring complex services Issues/concerns are resolved before the point of crisis.	3	3	9
Significantly	Shortage of resources available	Effective engagement and	1	2	2

increased demand on the Procurement Service due to PCC requiring service levels over and above that which has been transferred.	to deliver requirements of PCC, impacting on the level and speed of services received	communication to enable growth requirements to be recognised and managed in a timely manner.			
The uncertainty around Brexit arrangements with regards to future procurement legislation and any impact on Local Authorities	Unknown at this stage	Flex and change as necessary	2	2	4

Recommendations

10.1 The Procurement Service transfers to Delt, with staff transferring under TUPE arrangements with effect from 1 April 2020.

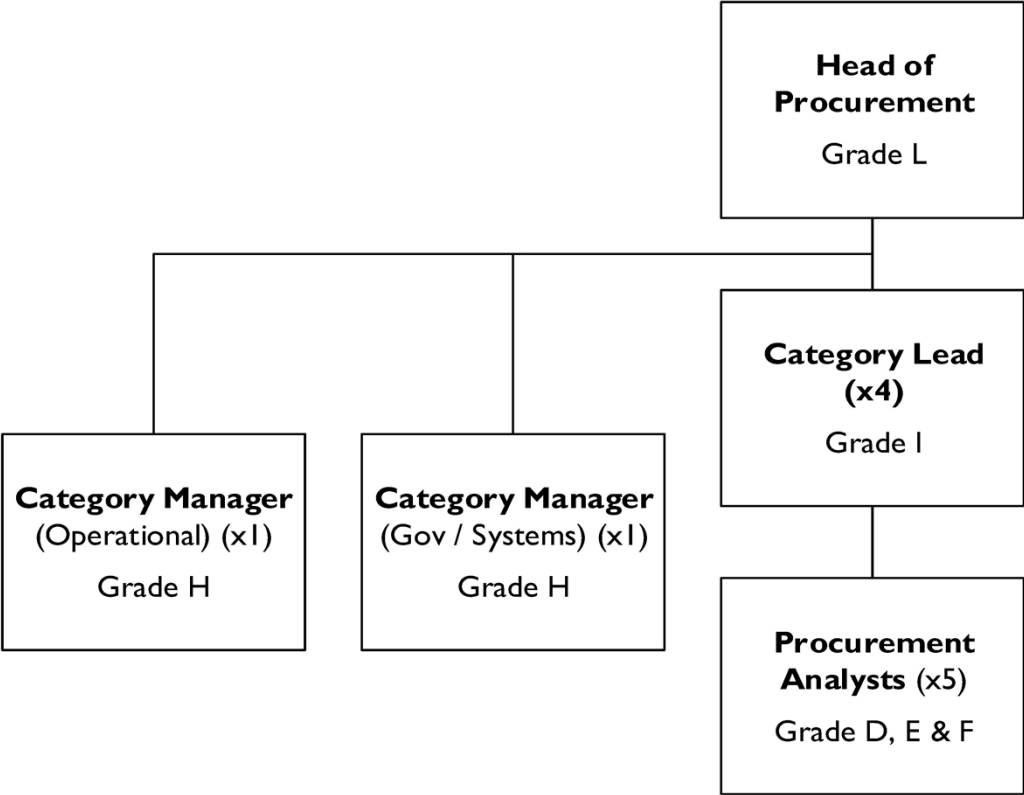
10.2 All Procurement Service work is channelled through Delt allowing for greater efficiencies and growth through a central hub and the potential for greater retention and stability in the workforce through a broader range of procurement categories.

10.3 A Gain share arrangement is put in place whereby both PCC and Delt are motivated to drive down the cost of spend through a share in savings generated. The finer details of the gain share arrangement are to be worked up in partnership with Delt.

10.4 The client function to remain within PCC Finance department with KPI's to be agreed in partnership with Delt.

Appendix I:

Current Staffing Structure of the Procurement Service



Appendix 2:**Functions and Outcomes of the Procurement Service**

Functions	Outcomes
<ul style="list-style-type: none"> • Custodians of PCC's Contract Standing Orders • Custodians of PCC's Standard Contract Terms and Conditions • Custodians of PCC's Social Value Policy • Ensuring compliance with Procurement regulations (UK and EU) • Ensuring compliance with Contract Standing Orders • Ensuring compliance with Grant Funding Procurement requirement • Fully maintaining the Councils Contract Register in line with the Transparency Code • Ensuring Best Value is obtained for goods, works and services • Ensuring Category Management continues • Provide Strategic and Operational advice regarding procurements • Undertake all relevant Procurement above the Self Service threshold from market analysis to contract completion • Systems and Procedures are in place for self-serve procurements • Maintain the corporate procurement templates including those used by the Cooperative Commissioning Team • Maintain a Procurement forward plan • Undertake contract management responsibilities • Provide advice and guidance for contract management • Supplier relationship management- ensuring good relationships are maintained with the supply chain • Maintaining relationships with regional partners (E.g. SW procurement Board, Devon and Cornwall Procurement Partnership) • Maintaining relationships with framework providers (Crown Commercial Services etc) • Manage allocation of Purchase Cards • Approve all exemptions to Contract Standing Orders • Provision of training to internal and external stakeholders • Embed the PCC Social Value policy across the procurement process • Work to drive forward the Community Wealth Agenda • Control the setup of suppliers • Raise and amend all non-commissioning purchase orders above the self-service threshold • Continue to undertake procurement activities for other entities where contracted to do so 	<ul style="list-style-type: none"> • Production of a Procurement Improvement Plan with specific aims of supporting and advancing overall Category Approach, commercial Governance (including processes and systems) plus stakeholder engagement • Contracts Register reporting requirements are met • Compliant value add procurements • Policies, systems, procedures relating to self-serve procurement are fit for purpose and comply with Contract Standing Orders • Procurement Awareness Training is delivered

Appendix 3:**Procurement Service Budget 2018/19 and 2019/20**

Description	Budget 2018/19	Actual 2018/19	Budget 2019/20
Employee costs	£394,982	£345,807	£501,581
Other employee costs	£4,000	£5,398	£4,000
Transport costs	£1,400	£1,101	£1,400
Supplies and Services	£16,041	£16,910	£16,510
Relevant support service costs*	£70,862	£70,862	£70,862
Efficiency Savings	£0	£0	£0
Income	(£17,650)	(£15,559)	(£17,650)
Total net budget	£469,635	£424,519	£576,703

* Includes Accommodation, IT, HR and Finance. Of this, HR and Finance are a stranded cost to PCC totalling £16,524 per annum